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Required Report - public distribution

Date: 7/3/2014

GAIN Report Number: MO1405

Morocco

Citrus Semi-annual

2014 Citrus Semi-annual

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Report Highlights:

According to Moroccan Ministry of Agriculture, total citrus production for MY 2013/2014 registered a record of 2.2 million MT due to exceptional weather conditions. Small citrus production was estimated at 1.161 million MT, fresh orange production was estimated at 1 million MT, and lemon and lime was estimated at 43,000 MT. Domestic consumption is continually increasing with producers becoming more interested in the more lucrative and less quality demanding local market. As of May 2014, total citrus exports increased to 557,000 MT, and are forecasted to reach 573,000 MT by end of the season with Russia being the first destination for Moroccan clementines.

Commodities:

Oranges, Fresh

Tangerines/Mandarins, Fresh

Lemons, Fresh

Orange Juice

Production:

According to Moroccan Ministry of Agriculture, Citrus production for MY 2013/2014 increased by 47 percent over MY 2012/2013, registering a record of 2.2 million tons on a planted area of about 118,900 hectares (HA) and a productive area of 92,000 HA with an average yield of 24 tons per hectare. The growth in production is a combination of the exceptional weather conditions that prevailed in all regions especially during blossoming and fruit setting and the increase of the total number of bearing trees as a result of the Moroccan ambitious citrus policy. The planted area increased by 6,200 Ha comparatively to the previous year with the government continually increasing support payments for new citrus plantations (\$1,550/ HA) in addition to other incentives, such as the extension of the crop insurance program for citrus plantations, which has helped boost investment and the planting of new citrus orchards. For MY2013/14, 4,000 HA of new orchards, that received subsidies for water equipment and certified plant, entered in full production providing high yields and contributing up to 10% of the MY2013/14 production according to Ministry of Agriculture sources.

Official Moroccan estimates for MY2013/2014 total citrus production were revised up in September 2013 from 2.025 million MT to 2.20 million MT with the final official numbers to be published during the summer. Small citrus production was estimated at 1.160 million MT, fresh orange production was estimated at 1 million MT, and lemon and lime was estimated at 42,400 MT. This is 47 percent higher than the previous season and 37 percent higher than the average production for the last six years. Good flowering conditions helped to improve yields of nearly 44 percent over the previous year and 18 percent compared to the average of the last six years. The region of Souss Massa, for example, showed growth in citrus production of almost 100 percent in 2013/2014, compared to a 42 percent drop in 2012/13. The table below shows Morocco's citrus production by varieties for MY 2011/12, MY 2012/13 and the estimates for MY 2013/2014.

Table 1: Citrus Production for MY 2011/12 and MY 2012/13

	Production			
	(1,000 Metric Tons)			
Marketing Year	2011/2012	2012/2013	2013/2014	% Change
Total Small Citrus Fruit	763.9	662.4	1,160	+74%
Clementine	598.2	498.0	653	+31%
Nour	95.0	72.0	174.1	+142%

Ortanique	15.7	13.4	20	+53%
Nova	11.7	13.0	18.8	+44%
Others(Nadorcott)	43.2	66.0	294.1	340%
Total Oranges	948.5	784.0	1,000	+27.9%
Navel	375.2	343.0	370	+7%
Sanguine	66.6	51.0	78	+53%
Maroc-Late	469.2	354.0	494	+40%
Salustiana	37.5	36.0	28	-20%
Other Orange	-	-	30	
Lemon/Lime**	154	47.5	42,4	-9%
Total Fresh Citrus	1,866	1,494	2,204	+47%

Source: Ministry of Agriculture, DSS, and Export Quality Control Office (EACCE).

** : includes grapefruits

The percentage growth in the orange-planted area has been noticeably slower than the growth in small citrus area due to lower return on investment. Small citrus production in Morocco is dominated by Clementine-type varieties, such as Nules, Deverdis and Late Clementine. For MY 2013/14, production of small citrus varieties increased by 44 percent for Nova and 345 percent for Nadorcott, due to production of new orchards coming in line. It should be noted that there are more than 47 citrus varieties in Morocco, several of which are new hybrid varieties, such as Nadorcott (Afourer), Ortanique and Nova that are gaining popularity compared to local varieties. These varieties have the advantages of being a higher quality and harvested later which extends the marketing season through February and thus increases their availability to the export markets. Orange varieties are mainly dominated by Valencia Late (Maroc Late) and W. Navel, with market shares of 45 percent for Maroc-Late and 44 percent for Navel . In MY2013/2014, the production of orange variety Maroc-late increased by almost 40 percent compared to MY 2012/2013.

The Green Morocco Plan puts into its perspective to increase citrus production to 2.9 million MT by 2018 and boost the exports to 1.3 million MT. This has set a goal for doubling the production of citrus with production prospects of around 3.19 million MT annually starting from 2020.

Consumption:

MY 2013/2014 has noticed an overall increase in terms of domestic consumption due to the excellent production. Morocco's consumption for oranges for MY2013/14 will reach 847,000 MT with a per capita annual consumption estimated at 19 kg for oranges, 11kg for small citrus, and 1.3 kg of lemon/limes. The local market consumes more than 70 percent of the overall production and producers are becoming more interested in this market as there is less competition with only local suppliers and the quality standards are less strict than compared to that in international market. In MY 2012/2013, Morocco's domestic consumption of small citrus was estimated at 355,000 MT and the consumption for oranges was estimated at 661,000 MT, while the consumption for lemon/limes was estimated at 43,000

MT. Morocco's orange juice consumption is currently estimated at about 50 million liters, of which 20 million liters comes from local processing of fresh citrus and the rest is imported juice and concentrates.

Trade:

According to Moroccan Ministry of Agriculture, from October 2013 to mid-May 2014, total citrus exports reached about 557,000 MT, about 10 percent higher than the quantity exported during the same period of MY 2012/2013. As of May 2014, Ministry statistics shows that small citrus exports totaled 479,670 MT, about 36 percent increase compared to exports during the same period in MY 2012/2013 while orange exports totaled 73,600 MT. Exports of other citrus, mainly lemons, are projected to reach 10,494 MT for MY 2013/2014, almost a triple exportation compared to the previous year. According to same source, total exported citrus volume is forecasted to reach 560,000 MT by end of May 2014 and about 573,000 MT by end of the season. Morocco's citrus exports are mostly dominated by small citrus and oranges with the season starting about mid-October with Clementine-like varieties. The mid-season varieties, such as bloody oranges, Salustiana, and Navel, provide a bridge through March/April period when the Maroc-Late variety takes over until July.

Despite a 53% increase in the volume exported during MY 2013/14 compared to the volume exported in MY2012/13, Morocco citrus exports experienced several difficulties. The sector keeps losing ground against competitors from countries like Egypt, Turkey or South Africa. While Morocco's citrus production has almost doubled in volumes reaching 2.2 million MT, the percentage devoted to exports has dropped compared to the quantity produced. The European Union took some drastic measures that make it hard for Moroccan exporters. The E.U. Common Agricultural Policy (CAP) decided to reform its agreement with Morocco. The changes are applied to the Entry Price System. Orange exports, half of which go to these countries have dropped by 9 percent between 2009 and 2012, while mandarin and clementine sales have fallen by around 26 percent. Exporters are increasingly more oriented towards the Russian market, where about 61 percent of their mandarins and clementine and 32 percent of their oranges were shipped in 2013, but the fluctuation of Russia's currency, the ruble, combined with the Ukraine crisis was resulted in a drop in export earnings. Additionally, Moroccan citrus are not available in markets such as the Persian Gulf countries, where they prefer Turkish and Egyptian fruit. Meanwhile, attractive citrus prices in the local markets reduced export performance as well. Though, the majority of the production is consumed internally, it does not generate much income for both the farmers and the government as it is mostly handled by the informal sector. This "black market" reduces its marketability by 30-40 percent.

The structure of Moroccan exports keeps changing year after year. Since the early 90s, the share of oranges is steadily declining from an average of 400,000 tons of oranges exported to less than 150,000 tons in 2013. Meanwhile, small citrus fruit has increased from 200,000 to more than 450,000MT. With regard to market share, Russia is the first customer for Moroccan citrus with an average of 50-55 percent of the total export volume over the last six years. The European Union holds the second position with a volume that varies between 25 and 30 percent. North America absorbs between 13 and 15 percent. The remaining is destined for the Gulf countries, Eastern Europe, the Scandinavian countries and Switzerland.

It should be noted that in February 2012, Morocco and the European Union concluded long negotiations of a free trade agreement (FTA) on agricultural that went into effect August 30, 2012. The new agreement will increase Morocco's small citrus fruit export quota by 22 percent, from 143,700 MT to 175,000 MT. However, this quota increase is not expected to have a significant impact on the

Morocco's overall citrus exports to the EU, since Moroccan citrus quotas have remained partially underutilized in previous years.

The below table provides a breakdown on Morocco's exports of fresh citrus fruits by varieties for MY 2011/2012 to MY 2013/14.

Table 2: Morocco's Citrus Exports (MT) by varieties

Marketing Year	Exports (1000)		
	2011/2012	2012/2013	*2013/2014
Total Small Citrus Fruit	343,671	307,289	480,000
Clementine	205,970	192,307	300,570
Nour	77,147	58,337	92,000
Ortanique	7,579	9,089	13,500
Nova	7,792	2,352	9,000
Nadorcott	45,183	45,204	65,000
Total Oranges	137,971	63,501	82,430
Maroc-Late	82,096		25,430
Navel	13,552		14,000
Sanguine(Bloody)	22,872		23,000
Salustianas	19,210		20,000
Lemon/Lime*	5,522	2,499	10,494
Total Fresh Citrus	487,164	373,289	572,924

Source: EACCE (Export Quality Control Office)

* Data for MY 2013/2014 includes commitment forecast

The section other in small citrus and oranges was omitted from this table

Several factors contributed to the increased quantity exported, mainly higher production, and increased demand from the Russian market, and promising local market. The purchase price of the orange was between 1.80 and 2.20 DH (US¢ 21 and 26.5 cent) per kilo, and the selling price to the consumer between 7.50 and 9 DH (¢90 and US\$1) per kilo. The association advocates improving the distribution. The other factor that led to the increase in the quantity exported is the availability of more small shipment that has increased by 60 percent compared to last seasons. Export season for citrus is still in process, however, the outputs of oranges, while rising strongly, should not exceed 100,000 MT. This is because of the Egyptian, Greek and Turkish competition, who has more competitive prices. By varieties clementine should represent almost half of the expected exports by 300,000 MT. The other varieties of small citrus are expected to total 180,000 MT.

In MY 2013/2014, Russia maintained its position as the top destination for Morocco's citrus exports, followed by EU markets. Morocco's citrus exports to Russia from October to mid-May MY 2013/2014 totaled 293,300 MT, of which 260,000 MT were small citrus varieties, 25,260 MT of Orange varieties and the remaining 8,040 for other varieties including lemon and lime. In MY 2013/2014 Morocco's small citrus and orange exports to Russia increased by about 40 percent compared to the same period the previous year.

Table 3: Morocco's Small Citrus Exports by Country (MT)

Marketing Year	2010/2011	2011/2012	2012/2013	*2013/2014
Russia	183,386	197,417	188,134	260,000
Total E.U	93,361	83,788	67,634	90,000
<i>England</i>	17,756	23,640	20,027	16,127
<i>France</i>	24,809	23,169	17,504	17,814
<i>Netherland</i>	29,597	16,887	17,950	40,068
<i>Sweden</i>	7,813	9,325	8,516	11,717
<i>Lithuania</i>	7,584	7,347	1,850	2,808
<i>Germany</i>	1,892	1,807	1,375	1,000
<i>Finland</i>	1,701	699	131	102
<i>Other E.U</i>	2,209	914	281	364
Canada	42,589	41,469	34,676	36,533
U.S.A	20,874	15,978	11,491	28,349
Saoudi.A	6,381	4,415	4,444	6,025
Others	2,550	604	546	57,938
Total Small Citrus	349,141	343,671	307,289	479,670

Source: EACCE (Export Quality Control Office) & Exchange Office

* Estimate

Morocco's small citrus exports to the United States (mostly Clementine varieties) totaled 28,349 MT from June to mid-May in MY 2013/2014. Most of these exports, about 90 percent consisted of Clementine. The expansion of Morocco's citrus exports to the U.S. market has been constrained by U.S. consumers' preference for larger fruit sizes as well as logistics.

Table 4: Morocco's Orange Exports by Country (MT)

Marketing Year	2010/2011	2011/2012	2012/2013	*2013/2014
Russia	72,283	53,344	21,549	25,260
Total E.U.	99,323	81,107	25,001	23,002
U.S.A	22	15,977	11,491	28,349

Canada	107	232	254	1,092
Senegal	1,133	943	411	3,701
Saoudi.A	382	903	99	200
Others	1,894	1,442	417	826
Total Orange	175,144	137,971	63,501	82,430

Source:

Source: EACCE (Export Quality Control Office) & Exchange Office

/* estimate

In November 2012, Morocco's logistical constraint was somewhat countered as Morocco exported citrus directly from Agadir to the United States for the first time. Previously, Morocco was forced to send these shipments via Europe for cold treatment. The direct shipping to the United States and the implementation of the U.S.-Morocco Free Trade Agreement (FTA) are expected to raise Morocco's citrus export to the U.S. market. The U.S.-Morocco Free Trade Agreement (FTA) that was signed in 2006 has already made a positive impact on increasing Morocco's citrus exports from 7,807 MT in MY 2006/2007 to more than 28,000 MT in MY 2013/2014.

The citrus processing sector in Morocco continues to face stiff competition in sourcing raw materials from the fresh citrus market. This is mainly due to the low prices offered by orange juice processors compared to prices offered in the fresh citrus market. There are five citrus processing plants currently operating in Morocco, of which three are producers of single strength orange juice. Juice manufacturers can hardly meet demand for local consumers. In MY 2012/2013, fresh oranges delivered to juice processors totaled 60,000 MT. Post believes Morocco will still continue to import concentrated juice. In MY 2013/2014, Post estimates Morocco's orange juice imports at 3,000 MT and exports at 4,000 MT. Informal economic activity that occurs in the northern region of the country affects orange juice stocks and consumption data that is reflected in Post's PSD numbers.

Policy:

The Moroccan government plans to continue support an ambitious strategy to increase Morocco's citrus production to 2.9 million MT and to allocate 200,000 MT of fresh citrus production annually for juice processing by 2018. In 2012, about 20,000 HA of government-owned land was auctioned for leasing to agricultural investors (both local and foreign) in order to establish new agricultural projects that include citrus plantations. In April 2013, the government launched a bid to lease some additional 6,200 HA of land to potential investors. It is expected that a large part of the newly leased land will be devoted to citrus plantations that are oriented to export activities.

The Moroccan government also continued to provide a set of incentive measures to support citrus growers and encourage new investment in citrus production. The Ministry of Agriculture decree (# 2-09-601) issued in October 2009 increased the support payments for new citrus plantations to 12,000 MDH per hectare (\$1,550 HA), up from 7,800 MDH per hectare (\$1,000 HA) the preceding two years. In addition, there are other incentives that are not crop specific such as digging wells and purchasing of irrigation equipment that are available to citrus growers to establish new citrus orchards.

Currently, Morocco provides export subsidies for a few fresh products including citrus. The export subsidies, as laid out in the Ministry's Agricultural Development Fund, are aimed at diversifying export

destinations to markets other than the European Union (EU). In 2013, export subsidy for fresh citrus was maintained at 200 Dirham per MT (about \$24/MT) for exports to Russia and non-EU destinations.

Marketing:

Morocco improved its citrus export logistics with the opening of a new shipping line between the port of Agadir (the leading citrus export region) and the port of St. Petersburg in Russia in 2011. In addition, a new shipping line between the port of Tanger and port of Jabel-Ali in the United Arab Emirate became operational in early 2012. This shipping line should help increase the competitive position of Morocco's citrus exports in the Arab Gulf States' markets. ASPAM is currently considering, in collaboration with the Ministry of Agriculture and the export agency Maroc Export, the feasibility of investing in citrus storage facilities and distribution platforms in some of the potentially large exports markets. These projects have been stalled due to financial difficulties, though renting logistical platforms could be considered as an alternative option.

Production, Supply and Demand Data Statistics:

Production, Supply and Demand Data Statistics:

Production, Supply and Distribution in Morocco (1000 MT)

Tangerines/Mandarins Fresh Morocco	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	42,100	42,100	54,346	54,346	53,300	60,800

Area Harvested (HECTARES)	32,200	32,200	39,870	39,870	48,000	43,600
Bearing Trees (1000TREES)	14,316	14,316	17,720	17,720	0	18,320
Non-Bearing Trees (1000TREES)	3,900	3,900	6,294	6,294	6,4000	6,412
Total No. Of Trees (1000TREES)	18,216	18,216	24,014	24,014	0	24,732
Production (1000 MT)	730	730	660	662	850	1,160
Imports (1000 MT)	0	0	0	0	0	0
Total Supply(1000 MT)	730	730	660	662	850	1,160
Exports (1000 MT)	344	344	305	307	250	480
Fresh Dom. Consumption (1000MT)	386	386	355	355	555	680
For Processing	0	0	0	0	45	0
Total Distribution (1000MT)	730	730	660	662	850	1.160

Oranges, Fresh Morocco	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	45,500	45,500	52,858	52,858	60,800	53.300
Area Harvested (HECTARES)	41,200	41,200	45,045	45,045	49,000	45,000
Bearing Trees (1000TREES)	14,500	14,500	16,090	16,090	0	16,644
Non-Bearing Trees (1000TREES)	1,520	1,520	2,700	2,700	0	1,747

Total No. Of Trees (1000TREES)	16,020	16,020	18,790	18,790	0	18,391
Production (1000 MT)	850	850	784	784	1,000	1,000
Imports (1000 MT)	0	0	0	0	0	0
Total Supply(1000 MT)	850	850	784	784	1,000	1,000
Exports (1000 MT)	138	138	141	63	160	83
Fresh Dom. Consumption (1000MT)	652	652	593	661	740	847
For Processing	60	60	50	60	100	70
Total Distribution (1000MT)	850	850	784	784	1,000	1,000

Lemons/Limes, Fresh Morocco	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	4,600	4,600	4,213	4,213	4,800	4,800
Area Harvested (HECTARES)	3,700	3,700	3,268	3,268	3,268	3,405
Bearing Trees (1000TREES)	1,428	1,428	1,626	1,626	1,626	1,702
Non-Bearing Trees (1000TREES)	347	347	365	365	365	450

Total No. Of Trees (1000TREES)	1,775	1,775	1,991	1,991	1,991	2,152
Production (1000 MT)	60	60	47	47	42	43
Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	60	60	47	47	42	43
Exports (1000 MT)	7	7	10	3	9	10
Fresh Dom. Consumption (1000MT)	53	53	37	44	33	33
For Processing (1000MT)	0	0	0	0	0	0
Total Distribution (1000MT)	60	60	47	47	42	43

Orange Juice Morocco	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors (MT)	60,000	6,000	60,000	60,000	100.000	70,000
Beginning Stocks (MT)	1,000	1,000	300	300	0	0
Production (MT)	6,000	6,000	6,000	6,000	10.000	7,000
Imports (MT)	3,500	3,500	3,700	3,700	2.000	3,000
Total Supply (MT)	10,500	10,500	10,000	10,000	12.000	10,000
Exports (MT)	4,200	4,200	4,000	4,000	4.500	4,000

Domestic Consumption (MT)	6,000	6,000	6,000	6,000	7,500	6,000
Ending Stocks (MT)	300	300	0	0	0	0
Total Distribution (MT)	10,500	10,500	10,000	10,000	12,000	10,000